

To: Mylott, Richard[Mylott.Richard@epa.gov]
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Subject: [SPAM] Jan. 17 -- Daily Environment Report - Afternoon Briefing



Daily Environment Report

Afternoon Briefing - Your Preview of Today's News

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Obama Makes What Could be Final U.S. Climate Fund Payment

Posted January 17, 2017, 03:21 P.M. ET

By [Dean Scott](#)

The outgoing Obama administration made a last-minute \$500 million payment today to an international climate fund, a move sure to spark Republican outrage three days before Donald Trump's inauguration.

However, the State Department announcement—which will bring the total U.S. contribution to the United Nations' Green Climate Fund to \$1 billion—was hailed by environmental groups who fear Trump will make good on his threat to pull the U.S. out of the Paris climate deal and end international climate aid.

“Republicans in Congress should never have made it so difficult for the world's wealthiest country to assist the world's poor as they struggle daily to feed their families and make ends meet on a warming planet,” Friends of the Earth said in a statement. It is unclear whether the next administration or the Republican-led Congress will seek to rescind the payment.

The Obama administration in 2014 pledged a total of \$3 billion over four years to the green fund in hopes of prodding developing nations already being hit by climate impacts to sign on to a global climate deal. But today's \$500 million contribution, combined with the initial \$500 million payment the U.S. made to the fund in March, still leaves the U.S. \$2 billion short of that 2014 pledge.

Sen. Patrick Leahy (Vt.), the top Democrat on the Appropriations subcommittee for State Department funding, welcomed the payment, saying it ensures the U.S. keeps a “seat at the table” in talks to implement the Paris climate pact reached in 2015. Trump's pick for secretary of state, Rex Tillerson, said at a confirmation hearing last week that he supports keeping the U.S. “at the table” in those negotiations.

Sage Grouse Lawsuits May Roll Ahead Despite Ruling

Posted January 17, 2017, 12:38 P.M. ET

By Alan Kovski

Plaintiffs suing federal agencies over protections for the greater sage grouse may not miss a beat in their efforts, despite the dismissal of one of the many lawsuits.

The U.S. District Court for the District of Columbia ruled Jan. 5 against a lawsuit by the Idaho governor and Legislature because the plaintiffs failed to convince the court they had yet been harmed. That meant they lacked standing to sue, Judge Emmet Sullivan decided (Otter v. Jewell, 2017 BL 2523, D.D.C., No. 15-cv-1566 (EGS), 1/5/17).

Sullivan's ruling focused overwhelmingly on anticipated economic injuries and potential interference in the abilities of the governor and legislature to perform their sovereign duties, such as wildlife management.

Losses of economic activity and tax revenues from blocked oil and gas activities, wind power development, mining and livestock grazing were among the expected harms. Sullivan's ruling did not focus on procedural injuries, such as allegations that National Environmental Policy Act (NEPA) procedures were not correctly followed.

Several of the sage grouse cases involve the public's rights to participate in regulatory proceedings, as well as governors' rights to seek consistency between federal and state regulations. Given the narrow focus of the court ruling, "there is a good opportunity for an appeal of the decision," said Bret Sumner, an attorney at Beatty & Wozniak P.C.

'The Claim Can Never Get Riper'

When someone alleges procedural harm, there is no more appropriate time to challenge it than when the procedural steps have been concluded, as Sumner explained it. No subsequent denial of a permit or other action is needed.

He cited the Supreme Court precedent of *Ohio Forestry Ass'n v. Sierra Club*, 523 U.S. 726, 118 S. Ct. 1665, 140 L. Ed. 2d 921, 46 ERC 1577, 66 U.S.L.W. 4376 (1998). The court in *Ohio Forestry* unanimously said a plaintiff "who is injured by a failure to comply with the NEPA procedure may complain of that failure at the time the failure takes place, for the claim can never get riper."

Sumner represents Western Energy Alliance and North Dakota Petroleum Association in another challenge to the federal land-use plans for the sage grouse, a case before the U.S. District Court for the District of North Dakota (*W. Energy Alliance v. Interior*, D. N.D., No. 1:16-cv-112, filed 5/12/16).

"I have no doubt that the Department of Justice will seek to assert the same counterarguments in our case and other cases," Sumner said, referring to the government's argument against plaintiffs' standing.

The lawsuit by the two oil and gas associations, like several others, said the federal defendants violated the National Environmental Policy Act and the Administrative Procedure Act, among other laws, by failing to give due consideration to objections of interested parties.

Idaho Weighs Its Options

"I am extremely disappointed in the ruling from Judge Sullivan," Gov. Butch Otter (R) said in a

statement issued in response to the decision. “We are still weighing our options moving forward, one of which is an appeal.”

Otter and the Idaho Legislature put much emphasis on fears of economic harm and interference in state sovereignty in their legal challenge, which may have been why the court focused almost entirely on those elements in its ruling. But other cases, such as the case Sumner is handling, stress denials of procedural rights as central complaints.

The Bureau of Land Management and the U.S. Forest Service, in drawing up their land-use plans, did not respect the public’s rights to participate under the Federal Land Policy and Management Act (FLPMA) and the National Forest Management Act, said Steven Lechner, an attorney at Mountain States Legal Foundation. Lechner said he did not agree with Sullivan’s ruling, but was not ready to interpret its significance. “I don’t see it as a huge hurdle,” he said.

Lechner represents American Exploration & Mining Association in its lawsuit over the federal plans for the sage grouse (*Am. Exploration & Mining Ass’n v. Interior*, D.D.C., No. 1:16-cv-737, filed 4/19/16). His case also is before Sullivan.

Other lawsuits over the sage grouse protections are in federal district courts in Nevada, Utah, Wyoming and Idaho.

Next Up: Nevada Case

The U.S. Fish and Wildlife Service decided in September 2015 that it would not list the sage grouse as a threatened or endangered species because federal land-use plans and state conservation plans provided sufficient protections for the bird species. Critics said the federal plans gave short shrift to objections, failed to allow NEPA mandates and failed to coordinate adequately with state plans as FLPMA requires.

The Fish and Wildlife Service was facing a court-approved deadline of Sept. 30, 2015, to make a decision on the sage grouse pursuant to a litigation settlement agreement. That settlement and deadlines for decisions on 251 species, including the greater sage grouse, were approved by Sullivan in 2011.

The next sage grouse case, in terms of how far advanced it is in legal proceedings, appears to be a lawsuit by mining companies, Nevada’s state government, several Nevada counties and a ranch (*W. Exploration LLC v. Interior*, D. Nev., No. 3:15-cv-00491, filed 9/23/15).

W. Exploration v. Interior is fully briefed and is scheduled for a hearing Feb. 1 in the U.S. District Court for the District of Nevada to consider motions for summary judgment.

By Feb. 1, the Trump administration will have replaced the Obama administration. It remains to be seen how that will affect the sage grouse litigation.

The Idaho governor, in his statement expressing disappointment over the ruling, added he was “looking forward to working with the new administration that will hopefully recognize the value of state sovereignty and our ability to effectively manage wildlife within our borders.”

Methane Containment Rule for U.S. Lands Allowed to Go Ahead

Posted January 17, 2017, 9:51 A.M. ET

By Andrew Harris

The oil and gas industry lost a court bid to block an Obama administration requirement to contain methane emissions from production on federal land, but they may soon win in Congress *Western Energy Alliance v. Dep't of Interior*, D. Wyo., No. 16-cv-00280, 1/16/17 and *Wyoming v. Dep't of the Interior*, D. Wyo., No. 16-cv-00285, 1/16/17.

A federal judge in Casper, Wyoming, said the new rule can take effect Jan. 17 over the objections of that state, North Dakota, Montana and two industry groups.

The outgoing president's victory may be short-lived. House Majority Leader Kevin McCarthy has said Republican lawmakers will seek to repeal the methane rule, as part of a roll back of Obama administration policies.

"There are undoubtedly certain and significant compliance costs attached to the rule, which are unrecoverable from the federal government," U.S. District Judge Scott Skavdahl said in a ruling issued Jan. 16. But the judge said he's not convinced those costs were so imminent that a temporary court order blocking the rule was needed to prevent harm.

A nominee of President Barack Obama, the judge previously halted a Bureau of Land Management attempt to tighten controls over fracking on federal lands, saying that act exceeded the agency's lawful authority.

Reduce Venting

The case decided Jan. 16 involved a BLM rule to reduce the venting or flaring of methane, a primary component of natural gas that's thought to contribute to global warming. Citing regulations dating back to 1920, the agency said those leasing federal lands were required to minimize gas waste and that the new measure would enhance supplies, limit environmental damage and boost royalties for taxpayers, Indian tribes and states.

The Western Energy Alliance and Independent Petroleum Association of America argued the BLM action was unlawful and unconstitutional. Reprising arguments they successfully made in defeating the fracking rule, the groups said the requirements exceeded the bureau's authority.

They sued in November, arguing the rule would saddle drillers with "irretrievable costs with no meaningful benefits." Wyoming and Montana, later joined by North Dakota, sued separately and their case was consolidated with that of the associations. New Mexico, California and several environmental defense groups intervened on the side of the U.S.

"Even though Judge Skavdahl did not grant a preliminary injunction, we're confident about our chances during the proceedings on the full merits of the case," said Kathleen Sgamma, president at the Alliance, in a statement on the judge's ruling. "The venting and flaring rule oversteps BLM's mandate from Congress by usurping Clean Air Act authority that resides only with the Environmental Protection Agency and the states."

'Mischaracterized' Rule

The government argued BLM had the authority to regulate oil and gas development on federal and Indian lands.

Lawyers for the U.S. said the petitioners had “mischaracterized” the rule so they could rely on the same arguments that Skavdahl found persuasive in the fracking case. “Contrary to petitioners’ assertions, the Waste-Prevention Rule is not a pollution-control rule and does not improperly infringe on the Environmental Protection Agency’s authority under the Clean Air Act,” according to a Dec. 15 court filing.

“The judge’s decision today to deny a preliminary injunction means that these common-sense protections will take effect as planned, with cross-cutting benefits for rural communities,” said Peter Zalzal, lead attorney for Environmental Defense Fund, which is a party to the case, in a statement.

The cases are Western Energy Alliance v. Secretary of the U.S. Department of the Interior, 16-cv-00280, and State of Wyoming v. U.S. Department of the Interior, 16-cv-00285, U.S. District Court, District of Wyoming (Casper).

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From Hiking to Drilling, Interior Pick Stakes Out Middle Ground

Posted January 17, 2017, 7:31 A.M. ET

By [Jennifer A. Dlouhy](#)

President-elect Donald Trump’s nominee to lead the Interior Department is set to use his confirmation hearing to deliver an endorsement of public lands, saying they can be a destination for hiking and fishing as well as a source of timber and coal.

As he seeks to garner support from skeptical Democratic senators in his confirmation hearing, Ryan Zinke is set to testify that public lands “are America’s treasure,” with some best treated as pristine wilderness. Even those mined or logged should be done in accordance with “best practices, sustainable policies and objective science,” he will say.

“I fully recognize and appreciate that there are lands that deserve special recognition and are better managed under the John Muir model of wilderness, where man is more of an observer than an active participant,” Zinke is set to say, according to a copy of his written testimony released in advance of his Jan. 17 hearing. Nevertheless, “the preponderance of our federal holdings are better suited” for multiple uses.

A fifth-generation Montanan and former commander of the Navy’s elite SEAL Team Six, the current Montana congressman is set to emphasize the importance of rebuilding trust with local communities and states angry with federal management policies. He also will pledge to prioritize some \$12.5 billion in maintenance needs in national parks, possibly by seeking funding as part of any broad jobs and infrastructure bill.

In casting himself as “an unapologetic admirer of Teddy Roosevelt,” Zinke is aligning himself with Trump, who promised to honor the former president’s legacy by conserving and protecting natural resources for generations to come.

An avid hunter and angler, Zinke just won his second term as Montana’s lone representative in the U.S. House of Representatives. Environmentalists have raised concerns with Zinke’s nomination, describing fears that public land management will tilt in favor of oil, gas and coal over conservation.

But outdoor enthusiasts say Zinke's own appreciation for nature will inspire him to value recreation and protection of public lands.

Still many of the most pressing policy questions facing the Interior Department involve other matters, including energy development and the protection of animals at risk of extinction. And Zinke avoided those in his prepared remarks to the Senate Energy and Natural Resources Committee.

Energy companies have criticized Interior Department regulations governing oil development on public land, including limits on methane emissions and standards for hydraulic fracturing that have been blocked by a federal court. Miners blasted the Obama administration's decision last year to halt new sales of coal leases and are pressing Trump to reject a new Interior Department blueprint for overhauling the coal program. Oil industry leaders also want Trump's Interior Department to open up new coastal waters for drilling, reversing President Barack Obama's move to block new offshore leases in the U.S. Arctic and Atlantic oceans.

Democratic senators may press Zinke to better explain his views on climate change. Zinke, who majored in geology at the University of Oregon, has said that while "evidence strongly suggests" that human activity contributed to global warming, "rising ocean temperatures" and other factors "have a greater influence."

Zinke also could face questions over the "Special Operations for America" political action committee he created in 2012. Complaints filed with the Federal Election Commission alleged illegal coordination between the super-PAC and Zinke's House campaign.

Zinke touts his time on the Navy's elite SEAL Team Six, known for killing Osama bin Laden. He was awarded two Bronze Stars for missions in Iraq, and, after leaving the Navy, was elected to represent his northern Montana home of Whitefish in the state Senate.

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North Dakota Launches New Legal Front on Power Plant Carbon Rule

Posted January 17, 2017, 02:58 P.M. ET

By [Andrew Childers](#)

North Dakota launched a new legal assault on the Environmental Protection Agency's carbon dioxide limits for power plants even though a federal appellate court decision on the legality of the regulation is expected shortly.

North Dakota's latest lawsuit, filed Jan. 17 in the U.S. Court of Appeals for the District of Columbia Circuit, challenges the EPA's decision to deny petitions from states and utilities asking the agency to reconsider aspects of the carbon dioxide standards, known as the Clean Power Plan ([North Dakota v. EPA](#), D.C. Cir., No. 17-01014, 1/17/17).

A 10-judge panel of the D.C. Circuit heard more than seven hours of argument on the Clean Power Plan (RIN:2060-AR33) in September, and a decision is expected from the court early this year ([West Virginia v. EPA](#), D.C. Cir. en banc, No. 15-1363, 9/27/16).

President-elect Donald Trump has vowed to roll back the rule, while Oklahoma Attorney General Scott Pruitt, who has been tapped to head the EPA, was among those challenging the Clean Power

Plan.

Xi Urges Trump to Stay in 'Hard Won' Paris Climate Deal

Posted January 17, 2017, 7:41 A.M. ET

By [Jessica Shankleman](#)

Chinese Premier Xi Jinping urged climate change skeptic Donald Trump to keep the U.S. in the “hard won” Paris agreement during a Davos speech that touted the world’s largest polluter as a leader in the fight against global warming.

Speaking at the World Economic Forum’s annual meeting, Xi said “all signatories must stick to” the 2015 Paris deal to limit global temperature increases to well below 2 degrees Celsius. “Walking away” from the pact would endanger future generations, he said.

While Trump has threatened to reverse President Obama’s policies on tackling climate change and pull the U.S. out of the 2015 Paris accord, China is strengthening its commitment to the issue. Earlier this month, it pledged to invest 2.5 trillion yuan (\$360 billion) in renewable energy through 2020 to reduce greenhouse gases that cause global warming.

Xi said China’s green development investments were already “paying off” and urged other countries to support international cooperation to solve the world’s most urgent challenges.

“We should join hands and rise to the challenge,” he said. “Let us boost confidence, take actions and work together for a bright future.”

Suspending Coal

China’s government has suspended 101 coal-power projects across 11 provinces as it moves toward cutting carbon dioxide emissions. The deferred investments are worth about 430 billion yuan (\$63 billion), China’s financial daily Caixin reported Jan. 17.

“If the U.S. does step back from leadership in the climate process then China will step forward, not least for pure realpolitik reasons,” said Michael Liebreich, founder of Bloomberg New Energy Finance. “If you’ve got large parts of the world including all of Africa, really hungry for investment and energy solutions, then the U.S. is seen as an unreliable partner, or trying to push dirty solutions, then I think China will step into that breach.”

China already leads in renewable energy investment, spending almost \$88 billion in 2016, one-third more than the U.S. according to Bloomberg New Energy Finance. China’s investment has already created 3.5 million renewable energy jobs and that’s expected to grow to 13 million by 2020, according to the International Renewable Energy Agency.

It’s not just rising global temperatures and sea levels concerning China. The nation’s increasingly wealthy middle class is worried about the quality of air it breathes and water it drinks and has become more vocal about complaints. With Beijing again cloaked in smog at the start of the year, Xi faces continued pressure to show he’s doing what it takes to clean things up.

Xi’s comments on climate change will help reassure clean energy investors at a time when the future of the U.S.’s own renewables market in doubt, said Li Shuo, policy adviser at Greenpeace

East Asia.

“The U.S. political situation provides an external driver for China to go forward from being a reluctant leader to climate hero,” he said in a phone interview.

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Ignoring Trump Skepticism, Davos Set Bets on Climate Change

Posted January 17, 2017, 9:35 A.M. ET

By Javier Blas and Jessica Shankleman

Donald Trump has often ridiculed global warming and promised to withdraw the U.S. from the accord signed in Paris in 2015. Yet despite the shift in political weather in Washington, the captains of business and finance gathered in Davos this week will spend a lot of time talking about climate change—and how to make money from it.

The World Economic Forum is devoting 15 sessions of its 2017 annual meeting to climate change, and nine more to clean energy—the most ever on the issues.

It reflects how much is at stake. For global business leaders, it's not just a question of burnishing their green credentials, but about billions of dollars—maybe even trillions—in potential profits and losses. Insurers are starting to price-in more frequent flooding and droughts; energy giants are shaping their business for a world that's moving away from oil and coal; car makers are putting real money into electric vehicles; banks want to lend money for renewable electricity projects.

“The good thing is that the Paris agreement raised the bar for everyone,” said Ben van Beurden, the head of Royal Dutch Shell Plc, Europe's largest oil group. “Everybody feels the obligation to act.”

Achieving the ambitions set out in Paris may require \$13.5 trillion of spending through to 2030, according International Energy Agency data that show the scale of the opportunity for business. Only last year, clean energy investment stood at \$287.5 billion, data compiled by Bloomberg New Energy Finance indicate.

“The scale and scope of the investment flows on renewables shows it's mainstream,” said David Turk, head of climate change at the IEA in Paris and a former senior U.S. climate diplomat.

Opportunities Rising

With money-making opportunities rising, traditional climate change advocates—Al Gore and Greenpeace Executive Director Jennifer Morgan—will mingle in panel discussions with executives such as HSBC Holdings PLC Chairman Stuart Gulliver and Patrick Yu, president of Cofco Corp., the largest food company in China. They will discuss the nexus between the fight against global warming and business—both how to stop climate change and how to profit from it.

“Climate change is material and central for many companies and their boards,” said Dominic Waughray, head of public-private partnership at the World Economic Forum. “Climate change is a core part of the growth agenda.”

A survey of 750 participants at this year's meeting shows that extreme weather is considered the

biggest global risk, outstripping migrations, natural catastrophe and terrorism:

Beyond the official program, a record 60 chief executive officers are expected to gather in a closed-door session to discuss the challenges of climate change, according to a person familiar with the event, who asked not to be named because the meeting isn't public.

In the Alpine resort's congress center, the World Economic Forum has built an exhibition highlighting climate change, "from rampant emissions to rising sea levels."

Global Fight

Michael Oppenheimer, a professor at Princeton University who will help to explain the exhibit, said despite the arrival of Trump, the fight against global warming will continue.

"No matter what the U.S. president says, the progress on climate change can have many routes," he said. "The U.S. can harm progress, but will not stop progress."

In November's follow-up meeting to Paris, nearly 200 nations, including China and Saudi Arabia, vowed to step up their efforts to fight global warming, facing down concerns the new Trump administration will seek to derail policies aimed at curbing pollution.

"Leadership on climate change is proving to be remarkably resilient," said Christiana Figueres, the UN's former top climate change diplomat, who will be in Davos speaking on a panel alongside Patrick Pouyanne, boss of French oil giant Total SA, Oleg Deripaska, owner of the world's top aluminum producer United Co. Rusal, and Ignacio Sanchez Galan, head of renewables heavyweight Iberdrola SA.

China Flip

China, which for years sought to derail global efforts to tackle climate change, has flipped its role and is now lecturing the U.S. and Europe on the importance of the issue. Xi Jinping will be the first sitting Chinese president to attend Davos, after making green finance a key topic for China's presidency of the Group of 20 nations last year.

In 2012, Trump claimed climate change was a Chinese hoax designed to damage the U.S. economy. Even though the president-elect has appeared to soften his stance a little, telling the New York Times last year he was open minded about the issue, his policy positions stand in stark contrast to China.

Trump's election platform pledged to reverse environmental regulations, increase coal production and pull the U.S. out of the landmark Paris Agreement.

Yet, more than 600 U.S. companies from DuPont Co. to Monsanto Co. have urged Trump to stay in the Paris accord.

"It's totally clear that companies see the writing on the wall," said Morgan of Greenpeace. "If President-elect Trump doesn't want to go, there then he is going to be very out of step."

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Leak Detection Systems Not Required by EPA at Ferroalloy Plants

Posted January 17, 2017, 03:00 P.M. ET

By [Patrick Ambrosio](#)

The Environmental Protection Agency is amending its national emissions standards for ferroalloy production facilities to do away with a mandatory leak detection requirement after determining it previously underestimated the cost of installing those systems.

The EPA, in a [final rule](#) scheduled for publication Jan. 18, decided to allow existing facilities to conduct visible inspections twice daily as an alternative to installing bag leak detection systems for monitoring emissions from positive pressure baghouses. Any new facilities subject to the ferroalloy sector emissions rule will still be required to install baghouse leak detection systems.

The agency reconsidered the regulatory requirement in response to a petition filed by Felman Production LLC, a subsidiary of Georgian American Alloys Inc. that operates a ferroalloy plant in West Virginia. Felman, in 2015 [comments](#) filed with the EPA, said it would cost the company nearly \$1 million to purchase and install the required leak detection systems in the first year, with additional operating costs in the future. Felman is one of two U.S. companies that produce silicomanganese, which the company described as a “crucial ingredient” in military-grade armor used by the U.S. military.

“A few hundred thousand dollars to buy a new [detection system] for each furnace, and a few hundred thousand more a year to operate them, may not seem like much money to a federal government that measures its debt in the trillions,” Felman wrote. “But to a company that is trying to earn enough money to cover its payroll and stay in business, that ‘negligible’ cost may be the difference between keeping jobs in Mason County [West Virginia] and sending them overseas.”

EPA: Requirement Not Cost Effective

The EPA, in its final rule (RIN:2060-AS90), said it did not previously account for structural improvements that would need to be made at the Felman plant to support the leak detection systems. With those costs taken into account, the agency no longer believes the leak detection requirement to be cost effective for existing facilities.

The alternative compliance method allowing for twice-a-day visual inspections will reduce the cost burden on industry while providing assurance that the baghouses are working correctly and adequately controlling hazardous emissions, the EPA said. Felman Production did not immediately respond to a request for comment on whether the EPA’s alternative is an adequate solution to the company’s concerns.

Felman, as well as Ohio-based ferroalloy producer Eramet Marietta, are both challenging the 2015 emissions standards in federal court. That litigation is currently frozen pending the conclusion of the EPA’s reconsideration process (*Felman Prod. LLC v. EPA*, D.C. Cir., No. 15-1296, 11/30/15).

The agency’s final rule maintained other aspects of the emissions standards that industry sought to change, including a requirement that facilities use a digital camera opacity technique method to demonstrate their compliance with opacity limits.

Research and Development Funding Stressed in Energy Report

Posted January 17, 2017, 03:02 P.M. ET

By Rebecca Kern

An Energy Department report highlights the importance of doubling funding for research and development for energy innovation by 2022 to maintain U.S. leadership in this field.

The report, released Jan. 17, just three days before President-elect Donald Trump's inauguration, identifies specific programs that should be continued from fiscal year 2018 through 2022.

One recommendation is to increase funding for the department's Advanced Research Projects Agency-Energy from \$291 million today to \$1 billion by fiscal year 2022. It was created in 2009 to fund technological innovations and advance research. The report also recommends that grid modernization R&D should be continued and expanded.

The U.S. is closer to energy independence because of federally supported R&D in shale oil and gas, solar and wind energy, and energy efficiency, according to the report.

The Trump transition team did not respond to e-mails about the report.

Auditors Criticize EU Measures to Reduce Food Waste

Posted January 17, 2017, 02:53 P.M. ET

By Stephen Gardner

European Union measures to reduce food waste have been "fragmented and intermittent" and have been insufficiently backed up as the European Commission has progressively lost interest in the issue, the European Court of Auditors (ECA) said in a Jan. 17 report.

In particular, a common EU definition of food waste has not been agreed upon, and no baseline has been specified against which food waste reductions could be measured, the ECA report said. EU policies in areas such as agriculture and fisheries should be assessed to better tackle food waste, the report added.

The commission, the bloc's executive arm, should refocus on the issue and "strengthen the EU strategy to combat food waste and coordinate it better" by proposing a clear definition of food waste and by removing certain legal obstacles, which could be done without new legislative proposals and without the need for new budgets, the report said.

Report author Bettina Jakobsen said to put EU food waste policy back on track, "what we need now is better alignment of existing policies, better coordination, and a clear policy objective to reduce food waste."

Commission Defends Policy

Enrico Brivio, the commission's environment spokesman, said the commission was "fully committed to the fight against food waste, and maybe some of these efforts were a bit overlooked" in the ECA report.

"We don't agree with all these conclusions," and some of the ECA criticisms had been "already addressed through ongoing activities," Brivio said.

As part of a package of proposals to promote the EU's circular economy, the commission said in December 2015 it would seek to tackle food waste in the context of a United Nations Sustainable Development Goal to halve per capita food waste by 2030.

"We want to make solid progress" towards that goal, Brivio said.

In a follow-up to the circular economy plan, the commission set up in 2016 set up a public-private platform to push for the achievement of the UN target.

However, the pledge in the circular economy plan replaced a proposal in an earlier package of waste measures that the EU should agree to a non-binding 30 percent reduction target for food waste, to be achieved by 2025. The commission in 2014 promised, but ultimately never published, specific proposals on the food waste target.

Food Donation Blockage

The ECA report said that in terms of removing barriers to food-waste reduction, the commission should "identify and resolve legal obstacles to food donation," an area in which there were "different interpretations of legal provisions."

Brivio said the commission was working on measures to "encourage a better use of safe unsold food for the production of animal feed."

Ferran Rosa, a policy officer with Zero Waste Europe, a consortium of local groups working to reduce waste, told Bloomberg BNA Jan. 17 that the commission should do more to coordinate the efforts of EU countries to meet the UN food waste goal.

EU efforts to combat waste food were "not going in the right direction. There's been some work on some specific projects, but there's not much more going on," in terms of coordinated EU measures, Rosa said.

U.S. Sees Climate Change in Spotlight as Vietnam Chairs APEC

Posted January 17, 2017, 01:16 P.M. ET

By [Lien Hoang](#)

Climate change will be a priority as the Asia-Pacific Economic Cooperation's rotating chair moves to Vietnam, John Kerry said in his final trip as U.S. secretary of state to this country he first entered as a war combatant.

Kerry, who spoke after meeting with Vietnam's prime minister, praised the nation for getting out in front of climate change, but also chided it for dialing up its use of coal. The tropical country is one of the APEC members that could be hit hardest if global temperatures and sea levels rise.

America's top envoy used his last speech in Asia to underline a range of environmental cooperation—from a food security project that continues APEC-begun efforts to the cleanup of dioxin and bombs that the U.S. scattered on Vietnam when Kerry was a naval officer. The next challenge, he said, will be sustainable development.

“Now, the true measure of our partnership is not just whether our economies grow. It is also how they grow,” he said of Vietnam-U.S. ties on Jan. 13. “I never thought, when I was patrolling the Mekong nearly 50 years ago, that I would one day be involved in a plan to try to help save the river.”

He spoke at the Ho Chi Minh University of Technology and Education one day before jetting down to the nearby Mekong Delta, which is facing a barrage of pollution, floods, saltwater intrusion, and erosion. In the 1960s, Kerry navigated these waterways by swift boat to root out Viet Cong guerillas; last weekend he came as a friend, discussing with Vietnamese how to cope with strains on the delta, which Hanoi says is one of three in the world most threatened by climate change. The two others are the Nile and the Ganges.

MIT Food Research

In addition to foreign countries damming the Mekong upstream, Vietnam fears climate change will devastate its farmers, who supply much of the world’s rice, coffee, seafood and fruit. Kerry’s visit included the announcement that the Massachusetts Institute of Technology will partner with the delta’s Can Tho University to test efficient ways of growing crops that withstand volatility in the climate. The veteran-turned-critic of the Vietnam War said this “cutting-edge” innovation can become a global standard.

“Together with Vietnam, we hope to showcase this experimental technology to the rest of the region, to the rest of the world, and eventually we’d like to make it available for the economies of developing countries all around the world,” Kerry said.

The research folds into a broader project APEC started in 2016 to achieve food security in the midst of climate change. The 21-member Pacific trade bloc said in December this is one of four pillars Vietnam will reinforce as APEC chair in 2017; the three others are sustainable growth, regional connectivity and small businesses.

‘Dirtiest Fuel’

Vietnam’s anxiety about climate change leaves green activists all the more perplexed at its appetite for coal. The \$200 billion economy now depends on thermal energy for about one-third of its electricity, which will rise to one-half in 2025. Kerry called coal “the dirtiest fuel in the world,” saying the carbon emissions hurt Vietnam’s efforts to battle global warming.

“When some people look at the price of coal, they say, ‘Hey, it’s cheaper. I got to do it, because my economy needs it.’ No, no, no, no—that’s wrong, my friends,” he said. “It’s not cheaper, not when you consider the damage to the environment.”

He urged the Southeast Asian country to focus on wind power, nuclear energy, biomass and natural gas.

Drought-To-Drenched, California Faces Water Balancing Act

Posted January 17, 2017, 12:38 P.M. ET

By [Brian K. Sullivan](#) and [Jeff Wilson](#)

Rain has finally been falling hard in California, where reservoirs are filling up fast.

After six years of punishing drought, that's obviously a good thing. But it creates a balancing-act challenge for the state's water managers. Keep too much holed up in storage and the system will overflow if the precipitation keeps coming. Open the hatches too much and, if Mother Nature doesn't provide any more deluges, California will be parched when the rain stops.

"There is always a trade off—and you never know if you are doing it right," said Jay Lund, director of the [Center for Watershed Sciences](#) at the University of California at Davis.

Floods already have washed over Northern California, inundating homes and farmland and spurring evacuations. The Sacramento Weir spillway was unlocked for the first time in a decade last week, sending water pouring out into nearby plains to take the pressure off the Sacramento River and protect the city, which is the state capital.

The storms started rolling in with 2017. Record rain and heavy snow saturated the state during the first two weeks, thanks to flowing ribbons of moisture rising out of the Pacific that climatologists call atmospheric rivers. There was so much so fast that most reservoirs are holding more than average for the month, and the mountain snowpack is deep and wide.

By Jan. 12, the share of California that was abnormally dry or in drought had fallen to about 65 percent from almost 82 percent the week before, according to the U.S. Drought Monitor. [California](#) is the biggest U.S. agricultural producer of more than 400 crops as well as more than a third of the country's vegetable production and two-thirds of fruit and nut output. Milk, almonds, grapes, cattle and lettuce were the state's biggest crops in 2015, data from the agriculture department show.

Flood Pools

The storms "have been a godsend," said Robert Oravec, a senior branch forecaster at the [Weather Prediction Center](#) in College Park, Md., but not necessarily the closer needed to call the drought done. That will depend in part on how reservoirs are managed to ensure there's enough water come summer for more than 38 million residents and a \$40 billion agriculture industry.

"It's the primary challenge we deal with," said Mike Anderson, a state [climatologist](#) in Sacramento.

Western states depend on water captured in the rainy season and from runoff when mountain snows melt. California is dotted with hundreds of reservoirs, and the Army Corps of Engineers sets rules that determine how much spare capacity each must have, called the flood pool. When that level is reached, stored water has to be released and the outflows carefully calculated so rivers downstream aren't overwhelmed.

Groundwater Depletions

When big storms are on the way, "drought is not really a consideration," said Mitch Russo, intelligence chief with the California Department of Water Resources' flood-operations center. It's all about preventing floods.

"Ideally we would love to have these come in as snow," Russo said. "The snowpack in the Sierra Nevada is by far and away our greatest water resource."

So far, so good: On Monday, 68.7 percent of the Sierra Nevada was snow-covered to an average depth of nearly 3 feet, according to the [National Operational Hydrologic Remote Sensing Center](#). A year ago, about the same amount of cover was only about half as deep.

For all that, there's no telling how much damage has been done in the past six years to groundwater resources, especially in the southern part of the state, which hasn't shared in all the precipitation and where big cities have big demands.

"Groundwater depletions may be with us for years, maybe decades, maybe forever," said Lund, a civil and environmental engineering professor who writes the [California Water Blog](#).

Still, 2017 started out with such a bang that the experts are cautiously optimistic. At the least, the atmospheric rivers have put "a dent" in the drought, Anderson said.

In fact, according to the monitor, the percentage of the state in exceptional drought, the worst category, fell to just above 2 percent last week from more than 18 percent the week before.

And there's an atmospheric river in the forecast for Jan. 18.

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Take Time Selling Canada to Trump, Departing U.S. Envoy Tells Trudeau

Posted January 17, 2017, 10:13 A.M. ET

By [Theophilos Argitis](#)

President Barack Obama's outgoing envoy to Canada has some guidance for Prime Minister Justin Trudeau in dealing with the new Trump administration: Don't assume anything.

"If I was going to give one piece of advice," U.S. Ambassador Bruce Heyman said in an interview with Bloomberg, it would be that "whenever you are working on a relationship that's new, don't presume that the other party really understands all the history and background as to where you are."

"Take a bit of time to explain the relationship," he said.

Heyman, a former Goldman Sachs banker whose term ends this week along with Obama's presidency, departs Ottawa with the relationship between the two countries at its warmest point in almost a decade. While the bond has been cemented by strong personal ties and parallel agendas between Obama and Trudeau, there are many questions in Canada about what lies ahead when Donald Trump becomes president.

Though Heyman declined to comment on the transition, he commended Trudeau's efforts to reach out to the new Trump administration and set a collaborative tone. Trudeau has confirmed that senior aides and Canada's ambassador to Washington have held talks with the president-elect's team.

"The work that they've been doing here recently and reaching out to the new administration and the tone and the style in which he's approaching this is I think the right path," Heyman said. "From my perspective, there is no more important country in the world for the United States than Canada. None."

Economic Bond

For one, Heyman said, the U.S. economy is dependent on a "successful Canada." The U.S. has a

trade surplus with Canada once oil and gas is excluded, he said, and Canada is also the No. 1 export market for the U.S. “Canada creates U.S. jobs,” he said.

When Heyman, an Obama fundraiser who was nominated to the post in 2013 after a 33-year career at Goldman Sachs, began his tenure, relations were dominated by TransCanada Corp.’s controversial Keystone XL pipeline under Trudeau’s predecessor, Stephen Harper. Trudeau—who broadened the bilateral conversation, particularly toward climate change—had repeatedly blamed Harper’s aggressive and single-minded pursuit of a cross-border energy project for a fractious relationship with the White House.

While Obama would reject Keystone only three days into Trudeau’s government, the relationship hasn’t suffered. Among the list of achievements was a coordinated ban of new offshore oil and gas drilling in the Arctic, a state visit to Washington for Trudeau, a North American leaders summit in Canada and a climate-change agreement.

Personal Ties

“I will tell you I’ve never seen in business or otherwise two people get along and be more simpatico as Prime Minister Trudeau is with President Obama,” Heyman said. “As a result of that, we were able to affect a lot of things that happened that hadn’t happened in a long time.”

Heyman argues that even the energy relationship between the two countries hasn’t suffered, citing Canada’s growing market share of U.S. energy imports.

“We’re importing more from Canada at a time when we are importing less from around the world,” Heyman said. “Canada’s market share increased substantially during the Obama administration, so people miss that.”

With Obama’s departure, Trudeau is also becoming one of the main standard-bearers for liberalism globally. Or as Vice-President Joe Biden said in a visit to Ottawa last month: “The world’s going to spend a lot of time looking to you, prime minister, as we see more and more challenges to the liberal international order since the end of World War II—you and Angela Merkel.”

‘Huge Opportunity’

One question is how Trudeau’s agenda—pro-environment, pro-trade and extremely progressive on social issues—plays with the Trump administration and the Republican-dominated House. Another is what becomes of the North American Free Trade Agreement, which the president-elect has vowed to renegotiate.

According to Heyman, Trudeau’s progressive stance on social issues remains a “huge opportunity” to deepen Canada’s relationship with the U.S., not a hindrance.

Trudeau “has a very important voice right now in the world with regard to this leadership,” Heyman said, adding that “core progressive social values” run across party lines in Canada. “The president has told him that.”

“I’m not overly concerned about that creating an issue with the U.S.-Canada relationship,” Heyman said. “There are a lot of Americans who share very similar ideals. Millions.”

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China to Invest Billions on Low-Carbon Technologies

Posted January 17, 2017, 01:07 P.M. ET

By [Michael Standaert](#)

China will invest more than \$37 billion on low-carbon technologies over the next four years, the government recently said.

China's development ministry released a new catalog aimed at promoting low-carbon technologies to cut greenhouse gas emissions with details of 27 items identified with spending amounts totaling around 253 billion yuan (\$36.6 billion) through the end of 2020.

The categories primarily focus on technologies such as nonfossil-fuel based energy sources, technologies using or creating efficient fuels and recycled materials, carbon capture utilization and storage technologies, and production techniques that reduce carbon dioxide emissions.

Technologies with the top projected spending include:

- creating lightweight concrete for interior walls in buildings, 38 billion yuan (\$5.5 billion);
- capture and use of carbon monoxide gas during industrial production, 37.5 billion yuan (\$5.4 billion);
- developing vegetable-oil based insulation oil for power transformers, 37.5 billion yuan (\$5.4 billion);
- technology to crush construction waste and make concrete, 34 billion yuan (\$4.92 billion); and
- compact power and transmission system switches, 34 billion yuan (\$4.92 billion).

Less costly innovations include micro-grid energy-saving technology, biomass technologies, and use of production techniques that lead to less water use and lower rice weights, which ultimately reduce carbon emissions.

The catalog was released Jan. 10 by the National Development and Reform Commission.

South Korea to Invest \$3.4 Billion on Water Supply, Cleanup

Posted January 17, 2017, 12:34 P.M. ET

By [Elaine Ramirez](#)

South Korea will invest 4.06 trillion won (\$3.4 billion) into modernizing its water supply and drainage systems this year to improve drinking-supply safety, sewage sanitation, sustainable soil management and overall water industry development.

The 2017 Water and Sewerage Investment Plan, with more than half the budget to be front-loaded into the first half of the year, also aims at boosting sluggish economic growth, Korea's Ministry of Environment said Jan. 16. The Bank of Korea pegs the domestic growth rate at 2.5 percent this year.

"Investments in the water and sewage sector will be implemented in accordance with the

Government 3.0 drive, which seeks to open, share, communicate and cooperate, in order to improve the welfare of water, provide jobs, nurture the water industry, and boost the economy,” Oh Jong-pyo, director of water and wastewater at the Ministry of Environment, said in the statement.

The ministry is getting an early start on its 2017 water and sewage policy tasks, which include guaranteeing universally safe drinking water, tackling a toxic algae problem and developing the water industry.

Clean Water

In an aim to improve drinking water infrastructure and water quality monitoring, it will spend 298.5 billion won (\$256 million) to set up new advanced water treatment facilities along the Han and Nakdong rivers, which together pass through Korea’s three biggest cities, so that it can extend the water supply to 80 percent of the rural population, up from the current 60.3 percent.

State agencies will also provide preliminary simulation training to water purification plants in May on handling green algae as well as technical support.

Since the implementation of the previous Lee Myung-bak administration’s controversial so-called Four Rivers restoration project, Korea has suffered yearly toxic algal blooms in its main rivers as dams have reformed the natural water landscape and ecology.

This year, 20 local waterworks modernization projects worth 51.2 billion won (\$44 million) are scheduled to kick off on 745 kilometers (463 miles) of rivers and streams as part of a 12-year development project that partners with local businesses.

Sewage Maintenance

Another 231 billion won (\$196 million) is earmarked for a mid-to-long-term sewer pipe maintenance plan to be implemented from March to prevent 500 kilometers (311 miles) of old sewage pipes from sinking.

The government will also beef up sewage management support in urban flood-prone areas that have experienced increasing flooding due to climate change such as typhoons and torrential rains, the environment ministry said.

Water Industry

The ministry aims to push the growth of the water industry through a smart water industry development strategy developed last year. Leading the rally is the Daegu Water Industry Cluster, whose construction began in November 2016 and is expected to finish by next year, though operation is slated to start in December.

To facilitate the strategy, the ministry will enact the Water Industry Promotion Act within the first half of this year and lay out a detailed action plan.

Soil Quality

The government is also under pressure to maintain water quality amid the country’s worst outbreak of avian influenza, which has led to the culling of more than 31 million birds since November. The environment ministry pledged to investigate areas around the mass burial sites of the culled animals to prevent contamination.

The government said it will continue sustainable large-scale remediation of contaminated soil and maintenance of areas that bear risk of soil pollution, while improving the country's soil and groundwater environmental management system.

EU Chemicals Agency Wants Information on Repellents

Posted January 17, 2017, 11:30 A.M. ET

By [Stephen Gardner](#)

The European Chemicals Agency (ECHA) is calling for information to be submitted through Feb. 15 on long-chain perfluorinated carboxylic acids (PFCAs) and their precursors, a group of substances used in the production of fluoropolymer and as water and grease repellents.

ECHA said that German and Swedish authorities were considering proposing a restriction on the substances under the European Union's REACH regulation (Regulation No. 1907/2006 on the registration, evaluation and authorization of chemicals). Responses to the call for information should provide details on the volumes of the substances traded in the EU, on the uses of the substances, and on potential alternatives.

Under REACH, restrictions can be placed on the use of chemicals that pose an unacceptable health or environmental risk. ECHA did not say what an eventual restriction on PFCAs proposed by Germany and Sweden might cover.

A number of individual long-chain PFCAs are already listed as substances of very high concern (SVHC) under REACH, a designation that could result in the imposition of usage bans in the EU.

EU Publishes Draft Restriction on Zinc Oxide In Cosmetics

Posted January 17, 2017, 11:18 A.M. ET

By [Stephen Gardner](#)

Comments can be submitted through March 13 on a draft European Commission regulation circulated to World Trade Organization members that would place a restriction on zinc oxide in cosmetics sold in the European Union.

The regulation would amend the EU Cosmetics Regulation (Regulation (EC) No 1223/2009), under which zinc oxide is authorized as a colorant, to clarify that use of the substance is not permitted in products from which particles might be inhaled. The EU Scientific Committee on Consumer Safety had judged it was "of concern" that inhaled zinc oxide particles could cause lung inflammation, according to the draft regulation.

The restriction would apply to zinc oxide in non-nano form used in products that are applied to the skin. Non-compliant products would be banned from the EU market nine months after the entry into force of the regulation.

The European Commission, the EU's executive arm, circulated the draft regulation Jan. 12 in line with the WTO's Technical Barriers to Trade Agreement.

Biggest Banks Ignore Risks in Climate Stress Tests, Report Says

Posted January 17, 2017, 10:26 A.M. ET

By Jessica Shankleman

More of the world's biggest banks are testing how stress from climate change could harm their future profits, but they're failing to feed those findings into investment decisions.

As business and finance leaders gather to discuss climate risks at the World Economic Forum this week in Davos, Switzerland, a preview of a report by Boston Common Asset Management LLC shows executives can do more to link company performance with environmental risk.

"Now more than ever with global leadership moving towards protectionism and greater barriers between nations, the financial industry and investors need to step up their leadership role to ensure we achieve the targets set out in Paris," Lauren Compere, managing director at Boston Common, said in an e-mail.

Boston Common, which has over \$2 billion under management, analyzed how the management at 28 of the world's biggest banks are dealing with the risk of rising seas, droughts and population displacements predicted from climate change. The full report, backed by investors managing \$500 billion of assets, was published Jan. 17.

Even though 70 percent of the banks said they're measuring their carbon footprints or undertaking environmental stress tests, more than four-fifths aren't integrating the results into their business decision, according to the report.

Faster Pace

"There is no point in having tools without putting them to effective use," Compere said. "While we are seeing progress, it needs to happen at a much faster pace."

Bank of England Governor Mark Carney, in his role as head of the Financial Stability Board, has similarly flagged the importance of climate-related risks. He published a report for the Group of 20 nations in December that urged companies and investors to map how profits may be hit by tighter pollution rules and extreme weather events.

Boston Common didn't name individual banks that were failing to integrate climate stress tests as it wanted to encourage progress "collectively at the industry level," Compere said.

Barclays PLC was highlighted for best practice, as its senior executive compensation is linked to company performance on climate strategy-related goals. HSBC Bank PLC was also praised for designating its chairman as responsible for climate change issues and incorporating sustainability risk policies into its overall risk management framework.

The report also found:

- Less than 40 percent of banks have set targets for renewable energy financing
- 50 percent of banks have explicitly linked climate-strategy goals to executive compensation
- Only 35 percent of respondents disclosed goals for energy-efficiency financing
- Some banks are developing separate assessment criteria for energy-sector clients aligned with the Paris accord

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Swiss Solar Pilot Who Circled Globe Seeks Trump Climate Meeting

Posted January 17, 2017, 9:36 A.M. ET

By Jessica Shankleman

Bertrand Piccard, the Swiss pilot who circumnavigated the world in a solar-powered plane, wants to convince Donald Trump that investing in clean energy is key to creating jobs and growth.

Piccard, the chief executive officer of Solar Impulse SA, wants to meet Trump after he's inaugurated to highlight the falling costs of renewables compared to fossil fuels, he said Jan. 16 in an interview ahead of the World Economic Forum.

Trump has criticized solar and wind energy as being too expensive. His election platform pledged to reverse environmental regulations and pull the U.S. out of the landmark Paris Agreement to limit global warming. The president-elect is eyeing the U.S. coal industry to stimulate the economy and create new jobs.

"If they want to make America great again they will need to use clean technologies and renewable energies," Piccard said in a phone interview from Munich. "You will not have growth with old technologies."

Even if Air Force One—the U.S. presidential jet—can't yet run on solar power, the White House could be refurbished to operate with renewables, said Piccard, speaking ahead of the World Economic Forum's annual meeting in Davos this week, where he will join business and finance leaders to discuss climate risks.

"I'm also an entrepreneur like him," Piccard said. "I flew around the world on solar power because it's possible. I built a company, found the money and technology to do it, so I think if you speak a language of the entrepreneur, you can show him where the new business is."

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Smog-Choked China May Fast-Track Green Debt, Top Banker Says

Posted January 17, 2017, 9:26 A.M. ET

By Bloomberg News

China's top underwriter of green bonds said the government may accelerate approvals in 2017 as the nation battles a toxic wave of smog.

Guotai Junan Securities Co. said the government should boost incentives for notes with proceeds earmarked for environmental projects, after a People's Bank of China researcher said it may recommend tax breaks for investors. Chinese firms including banks, automakers, developers and power producers sold a world-leading 186 billion yuan (\$27 billion) of the debt in the domestic market in 2016, including the nation's debut offering onshore.

"This affects the air we breathe, it affects everyone," said Huang Baoyi, general manager in the debt financing department of Shanghai-based Guotai Junan, which managed 11 percent of 2016 issuance. "The government should support and encourage green bond investors."

Dirty air forced more than 60 Chinese cities to issue health alerts this year, delaying hundreds of flights and encouraging consumers to stay at home. China plans to invest 2.5 trillion yuan in renewable energy through 2020 and outlined measures to channel funds toward reducing pollution at the G20 meeting in Hangzhou in September. President Xi Jinping's speech at the World Economic Forum in Davos Jan. 17 will be watched for signs China will take global leadership in fighting climate change as the U.S. retreats.

Ma Jun, chief economist at the PBOC's research bureau, said in March the monetary authority will recommend steps such as waiving tax for holders of the notes, though no such policy has been introduced. The central bank hasn't responded to faxed questions.

'First Step'

"I think it is likely and would be a natural first step by the government," said Magdalene Teo, head of fixed income research Asia in Singapore at Bank Julius Baer & Co., a Swiss private bank that includes responsible investing principles in its analysis. "Offering tax breaks to bond investors will incentivize issuers such that they will pay a lower coupon and at the same time help change the mindset of enterprises towards sustainable investments."

The world's most-populous nation accounted for \$31.3 billion of the \$78.1 billion in total global green bond sales in all currencies last year, data compiled by Bloomberg show. HSBC Holdings Plc, which ranked 5th in managing those deals, sees issuance around the world reaching between \$90 billion and \$120 billion this year. It's starting a new unit to help mobilize sources of sustainable finance.

"China is central to our focus on sustainable financing, having set out a clear path to a lower carbon economy," said Alexi Chan, global co-head of debt capital markets at HSBC. "Market-based reforms are aligning the financial system with China's green objectives and stricter environmental standards are being enforced."

An HSBC survey published last month showed three-quarters of 300 investors planning green investments globally said they lack credible opportunities and quality research. The PBOC's Green Bond Guidelines, which insist funds get independent assurances and regularly audited disclosure from issuers, are a "very good step forward," Chan said.

New incentives will be needed to encourage more sales, said Guo Shizai, head of bond innovation department of Haitong Securities Co., the fifth-ranked underwriter of such debt onshore.

"Green bond issuers don't enjoy enough benefits," Guo said.

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HSBC's Palm-Oil Funding Leads to Deforestation: Greenpeace

Posted January 17, 2017, 9:06 A.M. ET

By [Agnieszka de Sousa](#)

Environmental group Greenpeace accused HSBC Holdings PLC of funding companies in the palm-oil industry that are destroying forests.

Since 2012, HSBC has been involved in arranging \$16.3 billion of loans and credit facilities and almost \$2 billion of corporate bonds for firms listed in Greenpeace's "Dirty Bankers" [report](#), the group said in the publication released Jan. 17. The bank, which is one of the top financial-services providers in palm oil, said its policies prohibit financing deforestation.

“Its links to some of the most damaging companies in the sector leave HSBC exposed to serious reputational risk, in addition to the financial risks associated with the palm-oil industry,” Greenpeace said.

The palm-oil industry has come under criticism in recent years over alleged human rights and environment abuses. In the past two decades, plantations have laid waste to Indonesia’s forests and peatlands with millions of hectares destroyed for pulp and oil palm concessions, Greenpeace said. A report by Amnesty International in November alleged labor abuses on plantations linked to trader Wilmar International Ltd. and its suppliers.

“HSBC does not knowingly provide financial services which directly support palm-oil companies which do not comply with our policy,” the bank said by e-mail. “We are not aware of any current instances where customers are alleged to be operating outside our policy and where we have not taken, or are not taking, appropriate action.”

While HSBC has ranked highly for environmental and deforestation policies in some surveys, it’s still funding companies and projects in high-carbon industries such as coal and palm oil, Greenpeace said. The bank is preparing a review of its exposure to the palm-oil sector following requests from interested parties, Greenpeace said.

Preliminary data from the review show that since 2014, HSBC ended relationships with 93 customers linked to palm oil, mostly because they didn’t or wouldn’t meet the bank’s policy, Greenpeace said.

—With assistance from Thomas Seal.

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May Wants U.K. to Work with EU on Clean Energy Post-Brexit

Posted January 17, 2017, 9:05 A.M. ET

By [Anna Hirtenstein](#)

Prime Minister Theresa May said the U.K. will seek to continue working with the European Union on clean energy after it leaves the 28-nation bloc.

“One of our greatest strengths is the depth and breadth of our scientific communities,” May said in a speech Jan. 17. The U.K. will seek agreements on research endeavors from “space exploration to clean energy,” she said

The speech indicated that the U.K.’s vote to leave the European Union will result in a so-called hard Brexit, which will relinquish access to the EU’s single market. The nation will also cease to pay its share into the EU’s budget, May said.

Relinquishing membership may impact U.K. relationships with green-financing programs run by the EU. The bloc’s European Investment Bank, the Luxembourg-based development institution owned by members, has lent 42 billion euros (\$45 billion) to the U.K. in the eight years to 2015, with nearly half the funds directed toward fighting climate change.

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China Suspends 101 Coal-Power Projects to Limit Fossil Fuel Use

Posted January 17, 2017, 8:42 A.M. ET

By Bloomberg News

China, the world's biggest carbon emitter, has suspended more than 100 coal-fired power plants either approved or under construction in a bid to curb overcapacity of electricity generation and amid a push to limit fossil-fuel consumption.

The National Energy Administration, China's energy regulator, has asked 11 provinces to halt work on 101 coal-power projects totaling more than 100 gigawatts of capacity, according to a report in the Chinese financial media outlet Caixin citing government documents. The provinces covered by the order include Xinjiang, Inner Mongolia, Gansu, Ningxia, Shaanxi and Shanxi, Caixin said.

The planned projects amount to about 12 percent of total coal-power capacity in the world's second-biggest economy at the end of 2015, according to data compiled by Bloomberg New Energy Finance. The plants represent a combined investment of about 430 billion yuan (\$63 billion), according to Caixin.

The suspensions come as China strives to cut industrial overcapacity in sectors including coal and steel as part of the country's "supply-side structural reforms." The NEA said in October that it will halt construction of facilities that started last year in provinces forecast to have an overcapacity of power. The NEA didn't respond to a fax seeking comment.

"The number of suspended projects is bigger than expected as the government is stepping up its efforts to curb the oversupply of thermal power," said Sophie Lu, BNEF's head of China research.

In similar but separate reports, the National Business Daily reported the number of projects as 82, representing total capacity of at least 94 gigawatts, while Bx.com, a news website covering China's electricity sector, reported the number of projects at 85, covering capacity of 102.45 gigawatts.

China aims to cut its share of coal in its total energy consumption to below 58 percent in 2020 from more than 64 percent in 2015, according to the NEA.

In late 2014 the State Council gave local policymakers the authority to award permits for coal plants, resulting in local governments approving capacity in excess of what was needed in order to stimulate economic growth, said Tian Miao, a Beijing-based analyst at North Square Blue Oak Ltd., a London-based research company with a focus on China.

"Now the utilization hours at coal plants are clearly falling, which is unfavorable for the industry," Tian said.

China risks wasting \$490 billion by building more coal power plants than it needs as slower power demand growth and less-polluting energy sources squeeze coal generation out of the power mix, London-based Carbon Tracker Initiative said in a report in November.

China, the world's biggest clean energy investor, plans to spend 2.5 trillion yuan on renewable energy through 2020 to cut greenhouse gases that are blamed for global warming. Non-fossil fuels accounted for 13.3 percent of energy use in 2016, up 1.3 percentage points from the previous year. The nation aims to raise the share of non-fossil fuels to 15 percent in four years.

The Asian nation surpassed Germany as the country with the most installed solar capacity after

record additions in 2015. Also in the same year, the country's total wind capacity was almost double that of the U.S.

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Saudis Seek Up to \$50 Billion in Renewable-Energy Expansion

Posted January 17, 2017, 8:35 A.M. ET

By Anthony DiPaola

Saudi Arabia will start soliciting bids in the next few weeks for the first phase of a “massive” renewable-energy program costing \$30 billion to \$50 billion, Energy Minister Khalid Al-Falih said.

OPEC's biggest producer plans to generate close to 10 gigawatts from renewables, primarily solar and wind power, by 2023, he said at an energy conference in Abu Dhabi. The first tender may be for 700 megawatts of capacity at a cost of about \$700 million, according to Roberto de Diego Arozamena, chief executive officer of Saudi power developer Abdul Latif Jameel Energy, which plans to bid for the contract.

Saudi Arabia plans by 2030 to produce 70 percent of its power from natural gas and 30 percent from renewables and other sources, Al-Falih said Monday. He didn't say how much renewables capacity the nation would be tendering in coming weeks.

The kingdom is among crude exporters struggling with budget deficits after oil prices languished for two years at about \$50 a barrel. Building more solar plants and developing a nuclear-power industry is part of a broader plan that Deputy Crown Prince Mohammed bin Salman announced in April to diversify the economy away from crude sales as the main source of government income.

The goal of 10 gigawatts is “only the beginning,” Al-Falih said. “I'm not able to give you the number of where we will be in 2050.”

Nuclear Plans

The goals for renewables boosting capacity over the next seven years are achievable, and the start of the tender process is a sign Saudi Arabia is serious about reaching them, de Diego Arozamena said Tuesday in an interview in Abu Dhabi.

Saudi Arabia is also “really moving” to develop nuclear power and intends to build two reactors with a combined capacity of 2.8 gigawatts, Al-Falih said. The country is currently in the front-end engineering and design stage of its nuclear plants, he said. He didn't say when the nuclear plants would be operational.

The country's only solar plant in operation, aside from a smaller pilot project, is a 10-megawatt facility on top of a parking lot at the headquarters of state-owned Saudi Arabian Oil Co., known as Saudi Aramco. The national utility, Saudi Electricity Co., is seeking bids for two plants to generate a combined 100 megawatts.

Saudi Arabia previously had longer-term targets for renewable power when crude prices were about double their current level. Its earlier solar program forecast more than \$100 billion of investment in projects to produce 41 gigawatts of power by 2040. In January 2015, the government delayed the deadline for meeting that capacity goal by nearly a decade, saying it needed more time to assess the relevant technologies.

The current Saudi solar program is viable, said Francesco Starace, chief executive officer of Italian utility Enel SpA, which wants to participate in renewables projects there. Saudi Arabia “has no problem in attracting financing provided that basic rules are well-defined,” he said Saturday in an interview in Abu Dhabi.

--With assistance from Mahmoud Habboush and Sam Wilkin.

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